



The United States Attorney's Office

Central District of California



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JURY FINDS ORANGE COUNTY TAX PREPARERS GUILTY IN MASSIVE ANAHEIM-BASED TAX FRAUD CONSPIRACY

SANTA ANA – The final two defendants who participated in a large tax fraud scheme that cost the government approximately \$40 million were convicted today of conspiracy to prepare fraudulent tax returns that were filed with the Internal Revenue Service.

Kelly Agbonmoba David, 29, of Irvine, and Anthony Todd Stefani, 42, of Chino Hills were found guilty today by a federal jury in Santa Ana, California. The jury that deliberated for one day after hearing four weeks of evidence convicted the defendants of conspiracy and three counts of assisting the preparation of false tax returns.

David and Stefani were tax preparers at Western Tax Service, which was based in an Anaheim strip mall. The business was founded in the mid-1990s by Samuel DeAngelo, who hired friends and family to work as tax preparers. David, Stefani and the others at Western Tax Service prepared thousands of fraudulent federal tax returns by entering false deductions for charitable contributions, employee business expenses and depreciation.

The preparers would ask Western Tax Service clients about topics such as working at home and attending church, often suggesting answers to the questions. The typical tax return prepared at Western Tax Service claimed charitable contributions of approximately 10 percent of the taxpayer's income, regardless of whether the taxpayer made such contributions. Preparers were told that the using 10 percent charitable deduction would create the appearance that taxpayers were tithing to religious organizations and would minimize the risk of an IRS audit. In a further effort to avoid IRS scrutiny, David, Stefani and other preparers at Western Tax Service attempted to keep Schedule A - Itemized Deductions from exceeding 50 percent of the taxpayer's wages. Generally, the tax preparers did not inform the clients of the amounts entered on their tax returns.

Western Tax Service charged exorbitant fees for its fraudulent services, charging from \$300 to over \$3,000 for tax preparation services that often took less than 30 minutes. Western Tax Service collected approximately \$6.2 million in tax preparation fees during the 2001 filing season. Taxpayers would agree to pay these high fees because of the inflated tax refunds they received from the IRS, which often exceeded \$7,000 on a simple return. The preparers were instructed to incrementally increase – or "baby-step" – the preparation fees for repeat clients year after year. Preparers received a 15 percent commission.

David prepared tax returns at Western Tax Service in 2000 and 2001, and Stefani prepared returns